

REQUEST FOR REDEVELOPMENT AGENCY ACTION			CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) N/A		
CITY OF SAN DIEGO					
TO: City Council/Redevelopment Agency		FROM (ORIGINATING DEPARTMENT): City Redevelopment		DATE: 02/11/2011	
SUBJECT: Cooperation Agreement for Payment of Costs Associated with Certain Redevelopment Agency Funded Projects-Joint Public Hearing					
PRIMARY CONTACT (NAME, PHONE): Janice Weinrick.236-6250, 56-D			SECONDARY CONTACT (NAME, PHONE):		
COMPLETE FOR ACCOUNTING PURPOSES					
FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
COST SUMMARY (IF APPLICABLE): Fiscal Impact: No impact to the General Fund. The obligations of the Agency under the Agreement will be paid from Net Tax Increment, other revenue received by the Agency and available fund balances in amounts not less than those set forth in the Payment Schedule set forth in Exhibit 2 of the Agreement					
ROUTING AND APPROVALS					
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	
Comptroller		ORIG DEPT.	Weinrick, Janice	2/14/2011	
Equal Opportunity Contracting		CFO			
Environmental Analysis		DEPUTY CHIEF			
Liaison Office		COO	Goldstone, Jay	2/17/2011	
		CITY ATTORNEY	Reisch, Kevin	2/17/2011	
		COUNCIL	Jurado-Sainz, Diana	2/17/2011	

		PRESIDENTS OFFICE			
PREPARATION OF:	<input checked="" type="checkbox"/> RESOLUTIONS	<input type="checkbox"/> ORDINANCE(S)	<input checked="" type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)	

Agency and City Council:

1. Authorize the Executive Director or designee and Mayor or designee, respectively: a) to execute the Cooperation Agreement for Payment of Costs Associated with Certain Redevelopment Agency Funded Projects ("Agreement") between the Redevelopment Agency ("Agency") and The City ("City"); b) to execute and deliver, and file and record against Agency-owned property, any documents, including without limitation promissory notes, pledge agreements and security instruments, deemed by them to be reasonably necessary to carry out and implement the Agreement and to administer the Agency's and the City's obligations, responsibilities, and duties to be performed under the Agreement; and c) to execute any amendments to the Agreement that will not result in an increase in the total amount of funds payable by the Agency to the City under the Payment schedule attached to the Agreement.
2. Make necessary determinations pursuant to CA H&S Code Sec. 33445 with respect to the identified Projects that are publicly owned and are located inside or contiguous to the Agency's 17 respective Redevelopment Project Areas that: a) said Projects and the programs and activities associated therewith are of benefit to the Project Area by helping to eliminate blight within the Project Area or providing housing for low- or moderate income persons; b) no other reasonable means of financing said Projects and the programs and activities associated therewith are available to the community; and c) the payment of funds by the Agency for the costs related to said Projects and the programs and activities associated therewith is consistent with the Implementation Plan adopted pursuant to Section 33490 of the California Redevelopment Law ("CRL").
3. Make necessary findings and determinations in accordance with H&S Code Sec. 33334.2 with respect to the use of low- and moderate income housing funds for the Projects that include low and moderate income housing located outside of the Project Areas that such use will be of benefit to the community because the use of such funds will be of benefit to the Project Areas.
4. Authorize that, in the event the Agency desires to issue bonds, notes, or other instruments of indebtedness to carry out redevelopment projects: a) any indebtedness of the Agency to the City, including any interest accrued thereon, shall be deemed not to be a first pledge of tax increment allocations received by the Agency pursuant to Section 33670 of the CRL; b) any indebtedness of the Agency to the City, including any interest accrued thereon, shall be subordinate to any pledge of tax increments to bondholders for the holders of other such instruments of indebtedness; and c) the indebtedness of the Agency under the Agreement shall be subordinate to the rights of the holder or holders of any existing bonds, notes or other instruments of indebtedness of the Agency incurred or issued to finance redevelopment activities and projects pursuant to the Redevelopment Plans and the Implementation Plans.

Agency:

1. Authorize the transfer to the City of Net Tax Increment, other revenue received by the Agency and available fund balances for Projects as described in the Payment Schedule set forth in Exhibit 2 of the Agreement.

City Council:

1.Consent to the use of the Agency's funds to pay for costs associated with the Projects, in a manner consistent with the Cooperation Agreement.

2.Authorize the City Chief Financial Officer, as delegated to appropriate, encumber and expend Net Tax Increment, other revenue received by the Agency and available fund balances for Projects as described in the Payment Schedule set forth in Exhibit 2 of the Agreement and contingent on first furnishing a certificate that funds are, or will be, on deposit in the City Treasury.

STAFF RECOMMENDATIONS:

Approve the requested actions.

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S):	2, 3, 4, 6, 7, 8
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COMMUNITY AREA(S):	Clairemont Mesa, Linda Vista, Old Town, Uptown, Midway/Pacific Highway Corridor, Mission Valley, Peninsula, Mid-City, North Park, San Ysidro
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ENVIRONMENTAL IMPACT:	See Executive Summary.
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CITY CLERK	
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INSTRUCTIONS:	
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REDEVELOPMENT AGENCY ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 02/11/2011

ORIGINATING DEPARTMENT: City Redevelopment

SUBJECT: Cooperation Agreement for Payment of Costs Associated with Certain
Redevelopment Agency Funded Projects-Joint Public Hearing

COUNCIL DISTRICT(S): 2, 3, 4, 6, 7, 8

CONTACT/PHONE NUMBER: Janice Weinrick/236-6250, 56-D

DESCRIPTIVE SUMMARY OF ITEM:

The purpose of the Agreement is for the Agency to provide the necessary funding to the City for the City to implement identified redevelopment projects. The source of funding will be Net Tax Increment, other revenue received by the Agency and available fund balances in the current fiscal year and forthcoming fiscal years

STAFF RECOMMENDATION:

Approve the requested actions.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The Agency has adopted Implementation Plans for the 17 Project Areas, which established goals and objectives to support affordable housing; economic development; and commercial, community and institutional revitalization. The 17 Project Areas include those managed by Redevelopment, CCDC and SEDC. Within the Project Areas, the Agency is involved in the development of programs and activities (Projects) associated with goals and objectives in the Implementation Plans and that will contribute to the economic recovery of the City. To implement the Projects, the Agency has made funding commitments and budget allocations based on estimated tax increment revenue and debt financing structures. In the current budget environment, the Agency's ability to carry out the Projects may be limited. Pursuant to the Cooperation Agreement, the City will commit to implement the Projects identified in Exhibit 1 of the Agreement. The Agency will pledge to provide the City available Net Tax Increment, other revenue received by the Agency and available fund balances ("Agency Funds") in the current fiscal year and forthcoming fiscal years in amounts equal to the cost to carry out the Projects. The Agency's obligations will be paid from Agency Funds in amounts not less than those set forth in Exhibit 2 of the Agreement and otherwise needed to reimburse the City for the cost of performing its obligations. Exhibit 2 may be revised as agreed by the City and Agency provided the revised schedule allows completion of the Projects in conformity with the Redevelopment- and Implementation Plans. The City will provide the Agency with quarterly progress reports on the use of funds and development of the Projects for which payment is made by the Agency.

The Projects include Agency funding for certain publicly-owned buildings and improvements in Barrio Logan, Centre City and San Ysidro. Pursuant to CRL, Summary Reports have been prepared describing the costs to the Agency and the benefits to the respective Project Areas in helping to eliminate blight.

The obligations of the Agency will constitute an indebtedness of the Agency which will be subordinate to payments due on bonds, notes or other debt instruments of the Agency incurred or issued to finance the Projects, including any pledge of tax increment revenues from the Project Areas.

FISCAL CONSIDERATIONS:

No impact to the General Fund. The Agency's obligations under the Agreement will be paid from Agency Funds in amounts not less than as set forth in Exhibit 2 and as otherwise necessary to reimburse the City for the cost of performing its obligations. Agency Funds as set forth in Exhibit 2 will be contractually committed in the current fiscal year and forthcoming fiscal years.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee): None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Notice of Public Hearing was published in the SD Daily Transcript for two successive weeks before the hearing date, on Feb. 14 and Feb. 22. The Summary Reports (CRL Section 33679) were made available for public inspection and copying during the notice period beginning on Feb. 14 in the office of the City Clerk, the office of the Redevelopment Agency and on the Redevelopment Agency's website at <http://www.sandiego.gov/redevelopment-agency/notices.shtml>. The PAC's have been notified of this action and invited to provide input to the Project Managers on priority projects in the Project Areas. For Project Areas that do not have PACs, the Community Planning Committees were notified. Input received from the PACs and affected CPC's will be reported at the hearing.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Communities of Centre City, Barrio Logan, City Heights, College Area, Clairemont Mesa, Encanto, Linda Vista, Midway/Pacific Highway Corridor, Mission Valley, Navajo, North Park, Old Town, Peninsula, San Ysidro, Southeastern, Uptown.

ENVIRONMENTAL IMPACT:

The proposed approval of the Agreement is not a "project" for purposes of the California Environmental Quality Act (CEQA) and the State CEQA Guidelines (CEQA Guidelines) because, consistent with CEQA Guidelines Section 15378(b)(4), the Agreement creates a governmental funding mechanism that does not involve any absolute commitment to any specific project on the City's part.

To the extent, however, that the Agreement is deemed to be a "project" for purposes of CEQA, environmental review has already been conducted pursuant to CEQA for various projects associated with the Agreement, as described in "CEQA Review" column of the Schedule of Projects attached to the Agreement.

For the balance of the projects associated with the Agreement that have not undergone environmental review, consistent with CEQA Guidelines Section 15004, approval of the

Agreement is not the appropriate time to conduct environmental review of such projects because (a) the development concept for such projects has not been formulated to a sufficient level of detail to enable meaningful environmental review at this juncture, (b) environmental review of such projects is thus unripe and too premature at this stage, and (c) consistent with CEQA Guidelines Section 15352, the City is not committed to a definite course of action with regard to any of such projects.

The Agreement provides that, although the Agency is presently committing to provide funds for the projects, the City is not committing to a definite course of action in regard to any project intended to be carried out. The Agreement further provides that the City shall not be obligated to complete any individual project identified in the Schedule of Projects attached to the Agreement if the City later determines that such project is not exempt from CEQA, has not already undergone complete CEQA review, and requires the preparation of a mitigated negative declaration, environmental impact report ("EIR") or supplemental or subsequent EIR. In that regard, the Agreement states that the City shall retain the discretion to impose mitigation measures and to adopt project alternatives, consistent with the requirements of CEQA, that may be identified during future environmental review of any specific project.

As reflected in the "CEQA Review" column of the Schedule of Projects attached to the Agreement, it is presently anticipated that various projects listed in the Schedule of Projects will be determined to be exempt from CEQA due to the nature of the proposed development and construction involved in such projects and consistent with prior CEQA protocol used with respect to similar types of redevelopment projects and activities. To cite a few examples for illustrative purposes only, it is anticipated that many of the projects, which involve activities such as completion of upgrades to existing streets and other public facilities and installation of relatively minor improvements such as streetlights, will be categorically exempt from CEQA under CEQA Guidelines Sections 15301, 15302 or 15303, as applicable, and that none of the exceptions set forth in CEQA Guidelines Section 15300.2 will preclude application of the applicable categorical exemption. The City reserves the right under the Agreement, however, to evaluate whether each project is exempt from CEQA based on the prevailing facts and circumstances at such time as the development concept for each project has been formulated to a sufficient level of detail to enable meaningful environmental review.

For the reasons discussed above, the approval of the Agreement is in full compliance with the requirements of CEQA and the CEQA Guidelines.

Housing Impact: Approval of this action will provide funding for affordable housing projects.

Weinrick, Janice
Originating Department

Goldstone, Jay
Deputy Chief/Chief Operating Officer